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Security Information

TAB A

PROPOSAL TO PERMIT THE STRENGTHENING  
OF INTELLIGENCE ACTIVITIES

Problem:

1. To determine ways and means whereby the DCI can ensure that the intelligence components which make up the federal intelligence system obtain sufficient budgetary support to be able to undertake such intelligence activities as relate to the national security.

Discussion:

2. It is clear that the intent of the Act and the NSCIDs is that the Agencies represented on the Intelligence Advisory Committee are to operate insofar as possible as a system, interrelated and interdependent. While the Act and the Directives accord due respect to the fact that the individual intelligence agencies must meet their departmental responsibilities, the separate agencies are to be so managed as to achieve coordinated intelligence in the interest of national security.

3. The injunction in the Law that the Central Intelligence Agency (and therefore, in NSCID-1, the Director, with the concurrence or dissent of the IAC) is to recommend to the NSC measures necessary for the coordination of such intelligence activities as relate to the national security has a positive implication: that those activities are to be made stronger, more effective, and more efficient. A weakness developing with respect to any of the agencies is immediately the concern of the responsible intelligence chief. If the weakness will affect the national security, it also becomes the concern of the DCI. In some such cases, the weakness can be corrected by the responsible chief alone; in others, the correction may transcend his ability, in which event the support of the DCI and the IAC, or the NSC, may properly be required.

CONFIDENTIAL

Security Information

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4. By virtue of Mr. Armstrong's letter (see Tab B, which was discussed by the IAC on 15 September 1953, IAC-M-121) a point has been reached where we must examine whether or not a Congressional or departmental decision to reduce an intelligence activity which relates to the national security can remain solely a departmental matter. While this particular case involves a weakening of certain activities in [REDACTED] comparable reductions in military agencies' reporting capabilities or in the intelligence agencies' production capabilities might well have similar adverse effects on the national security.

5. In order for the federal intelligence system to be maintained in a healthy state and its integral parts balanced insofar as possible, it appears that two courses of action would be desirable:

a) Where departmental intelligence activities are clearly a need of the department but are deemed also essential to the DCI's responsibility toward the national security, the DCI, after consultation with the IAC, should provide appropriate support in the presentation of such budget items to the Bureau and the Congress and, if necessary, to the department or agency concerned when it comes to allocation of its appropriation among the various components of that department or agency. This would ensure that the Bureau of the Budget, the Congress, and the department or agency, in considering a departmental appropriation, would have full cognizance of the national security implications of functions which otherwise might be thought to be exclusively to meet departmental needs.

b) Where the department or agency has been performing or should perform services (in addition to those required for departmental use) for the benefit of CIA and the community, the DCI, in cooperation with the department or agency should define the needed services. The DCI might, by mutual understanding, then budget for these additional services and reimburse the department or agency for such.

6. To date, CIA has not, by and large, carried out the procedure described in 5 (a) above. CIA has been in certain instances operating on the thesis set forth in 5 (b) above. The Agency has reimbursed the State Department for the following intelligence services:

a) National Intelligence Survey, in order to carry out for the DCI in the most efficient way his responsibility for

CONFIDENTIAL

CONFIDENTIAL

Security Information

NIS. (While thus far CIA has not similarly reimbursed the military intelligence agencies for NIS production, it would be better, both from the point of view of the Congress and the DCI, if CIA budgeted for their research also.)

b) External Research Staff, on the ground that such coordinating effort could be best operated out of the Department of State and for the benefit of the community, including CIA.

c) Political and cultural biographic intelligence for services rendered to CIA, while at the same time CIA discontinued similar biographic intelligence which it had earlier developed.

7. In none of the foregoing instances was CIA specifically directed by the NSC to reimburse the Department of State for services rendered, though in the external research case the concurrence of the Psychological Strategy Board was sought and obtained. As far as is known, CIA has not provided funds to the military intelligence agencies for services rendered, although at one point during the last year, G-2 was favorably considering the possibility of receiving NIS funds along the line of the State Department arrangement.

8. Inasmuch as we can expect in the future new difficulties to arise both with respect to strictly departmental intelligence activities and those which serve the community, it would be helpful if there would be a statement of policy from the NSC within which framework the agencies could collaborate. A revision of NSCIDs 1 and 2, as follows, would provide such policy direction:

a) Revise NSCID 1, paragraph 11, to read:

" The intelligence organizations, within the limits of their capabilities, shall provide, or procure, such intelligence as may be requested by the Director of Central Intelligence or by one of the other departments or agencies. Where such requests involve additional expenditure of funds, reimbursement following agreement between the heads of the responsible organizations shall be provided in accordance with 31 U. S. C. 686, as follows: by the DCI when the request serves the needs of CIA or the intelligence community; or by another department or agency when its specific needs are served solely by the request. Advance planning will be achieved for these purposes to allow the preparation of necessary budget estimates to include the funds for reimbursement.

CONFIDENTIAL

CONFIDENTIAL

Security Information

b. NSCID 2, paragraph 4, to read:

"The collecting and reporting facilities of each of the agencies shall be utilized so as to avoid unproductive duplication and uncoordinated overlap and to ensure /within budgetary limitations/ within the capabilities of the intelligence community that full flow of intelligence information which is the major need of all departments and agencies for the accomplishment of their respective missions. (Deletion in brackets, insertion underlined.)

9. The foregoing revisions mean as follows: The departments will budget for a minimum which they judge necessary to meet their responsibilities. That which CIA identifies as additional services, which are over and beyond the minimum and are required to meet intelligence needs of CIA and the community, will be budgeted for by CIA. Such funds, when allocated to CIA, will be used to reimburse the department or agency for the additional services. This does not mean that the responsibility for rendering the services will be transferred to CIA. There already exists a statutory procedure which shall be used when appropriate whereby the responsibility for rendering services may be transferred to CIA, i. e., CIA may (a) carry out such services of common concern as directed by the NSC, or, (b) perform such other functions and duties as the NSC may direct. Such direction would normally take the form of a new NSCID or the revision of an old one which has already placed functional responsibility.

Recommendations:

10. That the IAC agree in principle to the following:

Where departmental intelligence activities are clearly a need of the department but are deemed also essential to the DCI's responsibility toward the national security, the DCI, after consultation with the IAC, should provide appropriate support in the presentation of such budget items to the Bureau and the Congress and, if necessary, to the department or agency concerned, when it comes to allocation of its appropriation among the various components of that department or agency. This would ensure that the Bureau of the Budget, the Congress, and the department or agency, in considering a departmental appropriation, would have full cognizance of the national ~~security~~ <sup>intelligence</sup> implications of functions which otherwise might be thought to be exclusively to meet departmental needs.

CONFIDENTIAL

CONFIDENTIAL

Security Information

11. That the IAC approve the following procedure to implement the foregoing policy:

The DCI shall, in cooperation with the departments or agencies individually or collectively as necessary, define those departmental intelligence activities which, <sup>although</sup> ~~are~~ clearly a need of the department or agency concerned, ~~but which~~ <sup>also</sup> are deemed also essential to the DCI's responsibility to the national security. Thereupon, those definitions shall be submitted to the IAC for consultation. The DCI shall be provided sufficiently in advance of the department or agency's presentation to the Bureau and the Congress with the necessary departmental budget data to permit him to provide appropriate support to the Bureau and the Congress. Upon approval of appropriations by Congress, the recipient department or agency shall make available to the DCI at the earliest possible date the tentative departmental allocation for the intelligence activities in question, in order that the DCI may, if necessary, make an appropriate presentation to the department or agency concerned.

12. That the IAC concur in the proposed revisions in the NSCIDs 1 and 2 as follows:

NSCID-1  
para. 11

The intelligence organizations, within the limits of their capabilities, shall provide, or procure, such intelligence as may be requested by the Director of Central Intelligence or by one of the other departments or agencies. Where such requests involve additional expenditure of funds, reimbursement following agreement between the heads of the responsible organizations shall be provided in accordance with 31 U.S.C. 686, as follows: by the DCI when the request serves the needs of CIA or the intelligence community; or by another department or agency when its specific needs are served solely by the request. Advance planning will be achieved for these purposes to allow the preparation of necessary budget estimates to include the funds for reimbursement.

NSCID-2  
para. 4

The collecting and reporting facilities of each of the agencies shall be utilized so as to avoid unproductive duplication and uncoordinated overlap and to ensure /within budgetary limitations/ within the capabilities of the intelligence community that full flow of intelligence information which is the major need of all departments and agencies for the accomplishment of their respective missions. (Deletion in brackets, insertion underlined.)

CONFIDENTIAL

CONFIDENTIAL

Security Information

13. It is recommended that the IAC concur in the following procedure to implement the foregoing NSCID revisions:

The DCI shall submit, after consultation with the departments or agencies individually or collectively as necessary, to the IAC a statement of those services in addition to those required for departmental use which are of benefit to CIA and the community, with a statement of his intention to budget for those additional services. This is to ensure that there is agreement on the need of the community, the need of the CIA having been previously defined by itself. The Director will also make clear his intention, having received a Congressional appropriation in pursuance of such budget request, to reimburse the appropriate department for the additional service.

CONFIDENTIAL